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DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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DOGMI
MINERALS PROGRAM
FILE COPY

September 6, 1990

Mr. E. B. King
President
Jumbo Mining Company
6305 Fern Spring Cove
Austin, Texas 78730

Dear Mr. King:

Re: **Review of Revised NOI, Proposed Mizpah Pit, Jumbo Mining Company, Drum Mine, M/027/007, Millard County, Utah**

The Division has completed its review of your revised Notice of Intention to Revise Large Mining Operations, received June 25 and July 5, 1990, for the proposed Mizpah Pit. We have postponed sending you our latest review until we received notification of the outcome of your BLM appeal. Our reclamation surety estimate is contingent upon the BLM decision. The recent BLM decision has been incorporated into our reclamation surety estimate for this proposal. We have categorized and processed this application as a permit amendment. The following comments remain to be addressed before the Division can consider granting its approval of this amendment application:

R613-004-105. Maps, Drawings and Photographs

Acreages listed on maps R613-004-105.3.14 and 3.17 are not consistent with areas measured off these maps using the digitizer and the 1" = 200' scale. The Division computed a total disturbed area of 18 acres including the new road, all dumps, the entire pit area, and the topsoil stockpile areas. Figures given in Jumbo's submission do not add up to their February 27, 1990 total of 21 acres. Division measurements show the areas to be: North Dump 3.2 acres, South Dump 7.3 acres, Road 0.5 acre, South Pit Floor 1.5 acres, North Pit Floor 0.9 acre, Pit Walls 3.8 acres, Soil Stockpiles 0.8 acre. Dave Hartshorn of Jumbo, informed the Division, by phone (7/30/90), that the figure of 18 acres is correct. We have revised the original application accordingly.

R613-004-106.2 - Operation Plan - Processing Methods

JMC has indicated to the State Health Department, Bureau of Water Pollution Control (via March 15, 1990 letter) that the ore removed from the Mizpah Pit will be leached on existing permitted leach pads (no.'s 2, 3, and 4-5) at the Drum Mine.

The Bureau has indicated in recent correspondence that they will not likely extend the timeframe to continue leaching of these permitted pads beyond October 1, 1990. Considering the present circumstances regarding the stalemate between JMC and Western States Minerals Corporation over use of leach pads #7 and #2LG it is unlikely that the JMC will be able to utilize these heaps in the near future. We request information regarding JMC's alternative plans for leaching/processing the ore obtained from this pit.

R613-004-106.5 - Operation Plan - Topsoil Salvage

JMC has estimated that approximately 1400 cubic yards of topsoil is salvable. This is enough to cover approximately 0.9 acre at a depth of 12 inches. Assuming that 11 acres of the proposed waste dump disturbance can be reclaimed, a volume of 8,873 cubic yards would be required to cover this acreage at a 6-inch depth. Borrow areas or soil amendments may be required to alleviate this topsoil deficiency, if salvable material exists on the areas to be disturbed and JMC fails to salvage this material prior to pit development.

JMC must commit to follow the BLM requirement that any topsoil greater than 10 inches in depth shall be salvaged, except for soils greatly enriched by calcium carbonate. The Division requests notification from JMC prior to the scheduled onsite soils assessment between the BLM and JMC. We would like to have an opportunity to participate in the topsoil inventory assessment prior to startup of mining the Mizpah Pit.

R613-004-107.1.13 - Operational Practices

JMC has committed to plug all exploration drill holes outside of the pit development area. The Division requests that these holes be properly plugged within 60 days of final DOGM approval of this permit amendment. The holes must be plugged according to the provisions of Rule R613-004-108.

R613-004-107.6 - Operational Practices - Concurrent Reclamation

JMC must commit to contemporaneously reclaim the surface disturbances (e.g., access roads, drill pads, etc.) associated with the exploration drilling that is outside of the Mizpah Pit development area (refer to Map R613-004-105.1.14, "Previous Disturbed Areas").

These areas should be reclaimed during the fall of 1990 with the approved Drum Mine revegetation seed mixture.

R613-004-110.2 - Reclamation - Roads

All roads to be reclaimed must be ripped to a depth of at least 1.5 feet. Scarification implies superficial agitation of the soil surface and not deep loosening of the soil profile as would be the result of ripping.

R613-004-110.2 - Reclamation - Pit Slopes

JMC will be required to leave all pit highwalls at a 1H:1V (45 degree) slope or less. The Division has based its reclamation estimate on a minimum 1H:1V pit slope configuration. Pit benches are to be covered with 12 inches of waste rock material, mulched and seeded. Six inches of topsoil, or suitable alternative plant growth medium may be substituted for the waste rock, if topsoil is available. The reclamation estimate is based upon using waste rock on the benches.

R613-004-110.2 - Reclamation - Waste Dumps

JMC's waste dump slopes must comply with the BLM's request for 3:1 outslopes. A minimum 6-inch depth of topsoil and/or alternative plant growth medium must be applied to the waste dump tops and outslopes upon final reclamation.

R613-004-111.1.12 - Reclamation Practice - Trash Disposal

JMC must permit any onsite landfill with the Utah Bureau of Solid and Hazardous Wastes.

Page 4
Jumbo Mining Co.
Mizpah Pit Review
M/027/007
September 6, 1990

R613-004-112 - Variances

The Division will approve JMC's request for a topsoil salvaging variance, if the results of the JMC/BLM soil inventory assessment demonstrate that insufficient plant growth material is available to apply a 6-inch layer over the entire waste dump surfaces. However, the JMC must comply with the BLM's requirements with respect to salvaging all appropriate plant growth medium from this area.

R613-004-113 - Surety

The Division has evaluated JMC's reclamation surety estimate and prepared a revised estimate totaling \$36,400 in 1995 dollars. The reclamation cost estimate was based on grading the waste piles to a 3H:1V slope configuration as specified by the BLM. The estimate was also based upon the assumption that sufficient plant growth medium is available to cover the waste dumps to a 6-inch depth upon final reclamation. This portion of the reclamation estimate may be revised to reflect the actual amount of material salvaged, following completion of the onsite assessment.

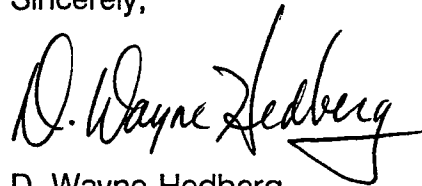
We recommend, to the extent practicable, that waste material removed from the northern section of the Mizpah pit area be used as backfill for the southern pit area, or vice versa. This will minimize the amount of disturbance created by the waste dumps, aid in the reclamation of a portion of the pit and possibly reduce waste haulage costs.

Upon JMC's written acceptance of the provisions as outlined in this letter, and submission of the appropriate revised reclamation surety, the Division will be prepared to request Board approval of the amount and form of surety for this permit amendment. Initiation of mining activity on this property is conditioned upon JMC's acquisition of all pertinent approvals from other State and Federal regulatory agencies.

Page 5
Jumbo Mining Co.
Mizpah Pit Review
M/027/007
September 6, 1990

Please contact me, Holland Shepherd or Tony Gallegos should you have questions pertaining to this review. Thank you for your cooperation in completing this permitting action.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with a large, stylized "H" and "B".

D. Wayne Hedberg
Permit Supervisor,
Minerals Regulatory Program

DWH/jb
Attachments
cc: Phil Allard, House Range RA, BLM
Dave Hartshorn, JMC
Don Ostler, BWPC
Minerals Staff
MNM027007.2

RECLAMATION ESTIMATE

Jumbo Mining Company

Drum Mine – Mizpah Pit Millard County

M/027/007 Revised September 4, 1990

Prepared by Utah State Division of Oil, Gas & Mining

Reclamation Details

- Rip Roads, Ramps & Pit Floors to a Depth of 1.5 ft
- Contour & Regrade Waste Dumps to 3h:1v Slopes (11 acres estimated)
- Grade/Shape Pit Benches & Highwalls (1h:1v or less)
- Spread Soil Material on Benches (waste mtl 12 " deep over 3 acres)
- Spread Topsoil on Dumps (8,873 CY estimated, 6" deep over 11 acres)
- Clean Up & Removal of Trash
- Scarify, Seed & Mulch: Dumps, Pit Floors, Roads, Pit Benches, Soil Stockpiles
- Construct Berms Around Western Perimeter of Pit (1800 ft)

<u>Description</u>	<u>Amount</u>	<u>\$/Unit</u>	<u>Cost-\$</u>
Ripping to 1.5ft Depth	2.9 acre	1091	3,164
Contour & Regrading	10.5 acre	394	4,137
Grade/Shape Pit Benches	3.8 acre	1129	4,290
Spread Waste Mtl on Benches	4,840 CY	1.04	5,034
Spread Topsoil on Dump Areas	8,873 CY	0.68	6,034
Clean Up & Remove Trash	14.2 acre	47	667
Scarify, Seed & Mulch	16.6 acre	286	4,748
Construct Berms	1,800 ft	1.20	2,160
SUBTOTAL			30,233
+ 10% CONTINGENCY			3,023
SUBTOTAL			33,257
+ 5 yr ESCALATION(1.84%)			3,174
TOTAL			36,431
ROUNDED TOTAL IN 1995-\$			\$36,400